

## Farm Credit Administration

§ 618.8430

and which the qualified lender intends to retain in its files as evidence relating to the loan contract entered into between it and the borrower, but shall not include any document related to a loan which the borrower has not signed.

(6) *Qualified lender* means:

(i) A System institution that makes loans (as defined in paragraph (a)(3) of this section) except a bank for cooperatives; and

(ii) Each bank, institution, corporation, company, union, and association described in section 1.7(b)(1)(B) of the Act, but only with respect to loans discounted or pledged under section 1.7(b)(1) of the Act.

(b) Each qualified lender shall provide a copy of all loan documents to the borrower or the borrower's legal representative at the execution of the loan. Subsequently, upon written request of a borrower or a borrower's legal representative, a qualified lender shall provide, as soon as practicable, a copy of any loan documents signed by the borrower, a copy of other documents delivered by such borrower to that qualified lender, and a copy of each collateral evaluation of the borrower's assets made or used by the qualified lender. To the extent that a collateral evaluation may contain confidential third party information, the lender may protect such confidential third party information by withholding any information that would disclose identifying characteristics of the third party or his property. One copy shall be furnished free of charge. The lender may assess reasonable copying charges for any additional copies requested by the borrower.

(c) Each System bank and association shall have available in its offices copies of the institution's articles of incorporation or charter and bylaws for inspection and shall furnish a copy of such documents to any owner of stock or participation certificates upon request.

[51 FR 39504, Oct. 28, 1986, as amended at 53 FR 35458, Sept. 14, 1988; 56 FR 2675, Jan. 24, 1991; 59 FR 46734, Sept. 12, 1994; 61 FR 67188, Dec. 20, 1996]

### § 618.8330 Production of documents and testimony during litigation.

(a) If your bank or association is a party to litigation with a borrower or a successor in interest, you or your directors, officers, or employees may disclose confidential information about that borrower or the successor in interest during the litigation.

(b) If the Government or your bank or association is not a party to litigation, you or your directors, officers, or employees may produce confidential documents or testimony only if a court of competent jurisdiction issues a lawful order signed by a judge.

[64 FR 43049, Aug. 9, 1999]

§ 618.8340 [Reserved]

### Subpart H—Disposition of Obsolete Records

§ 618.8360 [Reserved]

§ 618.8370 [Reserved]

### Subpart I [Reserved]

### Subpart J—Internal Controls

§ 618.8430 Internal controls.

Each Farm Credit institution's board of directors shall adopt an internal control policy which provides adequate direction to the institution in establishing effective control over and accountability for operations, programs, and resources. The policy shall include, at a minimum, the items enumerated in the list which follows:

(a) Direction to management which assigns responsibility for the internal control function (financial, credit, credit review, collateral, and administrative) to an officer (or officers) of the institution.

(b) Adoption of internal audit and control procedures that evidence responsibility for review and maintenance of comprehensive and effective internal controls.

(c) Direction for the operation of a program to review and assess its assets. These policies shall include standards which address the administration of this program, described in the list which follows: